

**AMHERST FINANCE COMMITTEE MINUTES**  
Meeting of March 19, 2009

**Location:**

The meeting was called to order at 7:00 p.m. in the Town Room of Town Hall.

**Attendance:**

Marilyn Blaustein, Kay Moran (Vice-Chair), Brian Morton (Chair), Robert Saul, Douglas Slaughter, Andrew Steinberg, Marylou Theilman.

**Others Present:**

John Musante, Assistant Town Manager/Finance Director; Clare McGinnis, Collector and Parking Clerk; Jane Ashby, Public Transportation and Bicycle Committee; Bonnie Isman, Library Director; Louis Greenbaum, Library Trustee; Ann Grose, Library Trustee; Patricia Holland, Library Trustee; Fred Vanderbeck, Pelham Finance Committee; Walter Wolnik, citizen

**Agenda:**

1. Budget Presentations
  - a. Enterprise Funds
    - i. Transportation
  - b. Libraries # 2
2. Legislative Update
3. Continue Discussion of FY10 Budget Balancing Strategy Options
4. Member Reports
5. Minutes
6. Miscellaneous

**Actions:**

Voted 7-0-0 that the Finance Committee supports a policy to use a limited amount of reserves in 2010 in a strategic and careful manner that will implement new, cost effective models to deliver core services or leverage new resources; and asks the chair to write a memorandum to the Budget Coordinating Group setting forth this proposal consistent with this motion and the committee's discussion of March 12 and March 19.

Voted 7-0-0 to approve the minutes of March 5, 2009 as amended.

**Discussion:**

Enterprise Funds - Transportation Fund

The FY10 Transportation budget is basically level funded with a decrease of 2.2% in appropriation. The Transportation Fund covers the operation of meters and pay/display machines for public parking on streets, in lots and in the garage. There is a financial contribution to the PVTa and funding for the outreach routes to North and South Amherst. Some funding will be used to improve the Amity and Bank of America lots. Negotiations are ongoing with Bank of America for use of their lot, but an agreement is not ready at this time. If the appropriation is not invested in this lot, there are alternative uses for the money which include beginning the multi year effort to replace the display/pay machines in the parking garage and lot.

Steinberg asked about the possible loss of revenue for parking due to a recommendation by the Parking Committee. Musante stated that the Parking Task Force reviewed the parking study done by the Pioneer Valley Planning Commission which found that there is adequate parking in town during peak periods but that isn't necessarily known by the public. The Parking Task Force is studying recommendations which include increasing awareness of available parking, installing additional signage, educating, encouraging and enforcing turnovers, and adjusting rates and mix of times. Included in this discussion are the 6 – 8

free 15 minute spaces for a loss of approximately \$9,500 and 51 free spaces on North Pleasant for a loss of \$95,000. Presently there are no specific proposals. It is expected that there will be specific recommendations from the Manager to the Select Board shortly and that the Finance Committee will see the amendments before Town Meeting meets.

Ashby noted that PVRTA ridership data can be found in Appendix E of the Manager's budget. A Route #32 survey indicated that half the ridership comes from both ends of the route and half from the center of town. There are approximately 100 passengers per day on the southern route. The Atkins to Puffer's Pond route makes 5 round trip runs a day and is funded entirely by the town. The Manager is committed to this route and its continuation. He is renewing his effort to get PVRTA to take over this service.

### Library

Steinberg recused himself from any participation in discussion of or vote on the library budget, due to a conflict of interest. Isman presented charts for 2008 from the Board of Library Commissioners which showed The Jones Library rankings in various categories among towns of similar size. In order to receive state aid, all libraries must submit information to the Commissioners. Information can be found on [www.mass.gov/MBLC](http://www.mass.gov/MBLC).

The number of weekly visits to the library is up 27% from FY08. A grant which supports a Conversation Circle for people whose primary language is not English has grown to 120 people this year up from 80 in the past.

The funding gap between the projected cost of level services for FY10 and a budget based on a town appropriation increased by enough to meet the Municipal Appropriation Requirement (MAR) for getting state aid has increase from the \$126,111 presented earlier because Monday afternoon openings were added to the budget to reflect level services. The cost of Monday afternoon openings in FY 09 has been paid through private donations. In the worst case scenario, with a town appropriation reduced from FY 09, the funding gap for FY10 is \$145,000. A number of potential new revenue sources were presented. The Library Director and Trustees are requesting that new revenue sources be kept by the library which would require that the town allow the library to keep the revenue rather than returning the money to the town's general fund. Isman and the Trustees would like to reach an agreement with the town to let the library keep new fees and would like support from the Finance Committee. Research needs to be done on what laws would allow such an agreement. In addition, Musante would want to hear specific proposals before coming to an understanding. Retaining library fees would require increased bookkeeping by library personnel.

Morton reflected on the guidelines given at a BCG meeting regarding additional cuts to be distributed among the library, schools and town, and stated that the amount allocated to the library should have been based on the percent of its tax support and not the percent of its budget. Musante will recalculate the numbers.

Moran clarified the guidelines given to the departments in October as there was some confusion about the percentages. In addition, she pointed out that the town, elementary schools and library capital expenditures are in a capital budget separate from their operating budgets, which is one reason the Regional schools receive a higher percentage allocation as their budget includes both operating and capital costs.

Thirty percent of the library budget comes from private money. Isman's worst-case budget for FY10 does not include FY10 state aid because the town would not be contributing up to the Municipal Appropriation Requirement (MAR). It was suggested that the library could seek a waiver from the Massachusetts Board of Library Commissioners, as waivers are granted, and keep the \$33,000 in state aid in their budget proposal.

The JCPC list includes capital projects for the library, but that budget would likely be under funded also. Morton asked when the library budget would be available for a vote by the Finance Committee. There will be a major meeting of the Trustees on April 2 with another one on or about April 14. Isman stated that there will be a budget on the table in April.

#### Legislative Update

Musante reported that the Governor is allocating \$166,000,000 in education aid to be used first to keep school districts at the foundation level of funding and will not include Amherst. Some additional money will be used for K-12 and higher education. A portion may be allocated to Chapter 70 which could be used in Amherst to close a small part of the budget gap. There is no news about IDEA or Title I funds, capital monies, municipal aid, spending relief or revenue generating legislation.

The schedule for the release of the state budget remains the same as in the past. Depending on the release, the timing for Town Meeting's review, discussion and vote on Amherst's budget may be revised.

An excellent site for information about Massachusetts state revenues is the Massachusetts Taxpayers Foundation at [www.masstaxpayer.org](http://www.masstaxpayer.org).

#### Discussion of FY10 Budget Balancing Strategy Options

As the schools, library and town approach finalizing their budgets, the Finance Committee agreed to send a memo covering its policy and criteria for use of reserves to the BCG. A lengthy discussion ensued which covered the need to be cautious about the use of reserves and establish criteria for use in light of the uncertainty of the economic conditions facing Amherst, the state and nation. Questions remain as to whether there will be additional state and federal revenues, and if so, how much will be Amherst's share, for how long, and when will it be received. No one is certain whether local-option tax proposals will pass the State Legislature or Town Meeting, and also whether or not they would be available for this or next fiscal year. Many thoughts were shared and none were optimistic. Musante stated that the committee had a policy for reserves in place and could use it as the framework for establishing criteria. Reserves may still grow but at a smaller rate so a three year strategy may be a good solution.

Guidelines for the budget makers need to be specific, but allow for innovation in thinking without directing. It was suggested that the memo be short, no more than one page, with a few sentences stating the problem along with a description of the criteria. The focus would be on preserving core services. An introduction using parts of the Morton's draft would read something along these lines, but will need editing: We are looking at the current economic turmoil as a long-term event and potentially deeper than prior recessions. Furthermore, even after the recession ends, local and state revenue is not expected to recover for several years. Reserves are a non-recurring revenue source, and should be spent carefully and strategically, if at all, in a given year. We are more receptive to targeted use of reserves to aid the process of transitioning to new models that reasonable analysis indicates have a likelihood of providing future cost savings, but might have some costs associated with a transition, or require a reasonable and finite time to implement. Some possible examples (not recommendations):

Regionalization of Veteran's Services or Emergency Dispatch services might have cost saving potential in future years, but might also have transitional costs to bridge between the current and future model.

Reorganizing the elementary schools in some fashion might provide long-term savings, but might also require some upfront money to implement.

Part of the evaluation and monitoring process for this "transitional funding" would include an estimated transition timeline, estimated transitional costs, a preliminary analysis of potential savings, and periodic cost/savings analysis updates and progress reports to the Finance Committee as well as to the appropriate elected board or committee and the Budget Coordinating Group.

The second area of agreement is that some level of reserve use, to leverage outside revenue in order to maintain existing core services, might be appropriate. This applies to current funding sources as well as potential new sources.

Some language needs to be included about the need to protect the town's bond rating. In addition, the Committee agreed that reserves are just one part of budget preparation, and restructuring and cuts also need to be considered once core services are determined. Extraordinary emergencies were also included for use of reserves.

Steinberg proposed that Morton write a memorandum to the Budget Coordinating Group presenting a statement consistent with the committee's discussion of March 12 and March 19. It was further proposed that Morton email copies of the memo to the Finance Committee members for their comments prior to submitting to the BCG. Member's comments are to be submitted only to Morton and he may use them at his discretion.

#### Member Reports

Steinberg reported that a motion to close Marks Meadow School at the end of the school year in June 2010 was made at the last meeting of the School Committee and will be discussed again at the April meeting.

Slaughter reported on the JCPC. Peter Jessop of the Community Preservation Committee stated that the Plum Brook Fields were safe to go forward. FY10 requests will be dealt with in more detail next week.

#### Miscellaneous

The Four Town Meeting on the Regional budget is scheduled for 9:00 am on March 28, 2009 in the Middle School Library.

There is an ATFC meeting on April 6 to discuss the library waiver process.

There is an MMA meeting on April 16 to discuss the Federal Stimulus package.

#### **Adjournment:**

The meeting adjourned at 10:05 p.m.

Submitted by:

Marylou Theilman, Acting Clerk